

19 April 1971

Economic Developments in North Vietnam
During March 1971

Introduction

This monthly report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy, and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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Agriculture

3. Hanoi has announced the merger of several agricultural agencies into a new Central Agricultural Commission, to be headed by Hoang Anh who was formerly chairman of the Agricultural Board of the Premier's Office. The new Commission is a consolidation of the Ministry of Agriculture, the Ministry of State Farms, and the Managerial Board of Agricultural Cooperatives. By reorganizing these agencies, Hanoi appears to be aiming for tighter central government control and streamlining of management of agriculture. More efficient management of the country's natural and human resources long has been touted as an answer to the country's economic problems. The last government reorganization of this kind was undertaken more than a year

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ago in the industrial and food distribution sectors with the same goal in mind, but it has had little discernible impact thus far.

Construction

4. Work continued on the extension to Haiphong's Chamber of Commerce Wharves, and it appears likely that the third new berth soon will be put into operation. [REDACTED]

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[REDACTED] the quay paralleling the shipping berth had been surfaced and crane track had been installed. Since late 1967 approximately 1400 feet of berthing space has been constructed in the port. Construction also continued on a probable warehouse near the wharf extension.

5. At the Haiphong petroleum terminal reconstruction of a large tank destroyed during the bombing was observed, and the bases for other tanks were being cleared. Except for the addition of small underground POL tanks, reconstruction of the Haiphong terminal received little attention during the past year. Work also proceeded on the new dual pipeline from Va Chai, near Hon Gai, constituting the first significant westward extension of the line in four months. Although the ultimate terminal of this pipeline still is unknown, the westernmost limit of construction now is 42 nautical miles from Hanoi. In the panhandle area, a new pipeline spur nine nautical miles long was constructed in the Se Bang Hieng

valley, probably to provide POL for North Vietnamese forces operating west of Sepone. The spur was laid after 25 February, most likely in response to the reported cutting of the old pipeline by Lam Son forces in mid-February.

6. At the site of the destroyed Haiphong East Powerplant construction of a new replacement diesel powerplant is nearing completion and this facility may be put into service within the next two months. Work continues on longer term projects to expand the Uong Bi Powerplant and to expand the Hanoi Machine Building Plant. Work on the restoration of two remaining damaged kilns at the Haiphong Cement Plant has been suspended for the past seven months, and two of the four coal-loading cranes at the port of Cam Pha that were damaged in 1967 still remain out of operation.

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Conclusions

14. There were no signs in economic developments during March that indicate a shift in Hanoi's negotiating stance. The regime's reaction to the Lam Son cross-border operations in Laos provides further evidence that prosecution of the war comes first among the country's priorities. Build-up in air defenses in the southern panhandle [REDACTED]

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[REDACTED] probably has made North Vietnam's air defenses south of the 20th parallel more formidable than at any time since the bombing halt in late 1968. This build-up seems to reflect Hanoi's fear of more frequent "protective reaction" strikes by the US and the need to provide maximum protection for supplies along

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the Ho Chi Minh Trail. [redacted]

[redacted]

15. The reorganization of agricultural agencies in March may produce some long-range economic benefit, but short-term benefits probably will be negligible. In other sectors of the economy, reconstruction of industry progressed slowly. Significant efforts continue to be directed toward improvements in logistics capabilities as indicated by the extension of shipping berths at Haiphong, and the attention given to POL storage and pipeline facilities.

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